

**West Palm Beach Police Pension Fund  
2100 North Florida Mango Road  
West Palm Beach, Florida 33409**

**Minutes**

**April 13, 2012  
8:15 AM**

**CALL THE MEETING TO ORDER**

Mr. Mitchell called to order the West Palm Beach Police Pension Fund Meeting on April 13, 2012 at 8:15 AM, in the conference room of the Palm Beach County Police Benevolent Association.

Present at the meeting: Edward Mitchell, Chairman, Jonathan Frost, Board Secretary, Chris Fragakis, Board Trustee, Troy Marchese, Board Trustee (Mr. Marchese departed at 9:30 AM).

Also present: Earnest George, Retired Member; Lou Penque, Active Member; Chip Tatlow, Dimensional Fund Advisors; John McCann of Thistle Asset Consulting Group; Bonni Jensen, Board Attorney, Law Offices of Perry & Jensen, LLC; and Dave Williams, Plan Administrator.

**APPROVAL OF THE MINUTES**

Mr. Mitchell asked if there were any changes required to the minutes of March 9, 2012. Mr. Frost made the motion to approve the minutes, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

**APPROVAL OF DISTRIBUTIONS**

New Warrants were presented for review and execution. Warrants approved at the last meeting were presented to the Board in spreadsheet format, in addition to the activity outlined in the administrative report by Mr. Williams. Mr. Frost made the motion to approve the foregoing, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

**ATTORNEY'S REPORT**

No formal report presented.

**ADMINISTRATOR'S REPORT**

Mr. Williams presented an office furniture quote to the Board for consideration. The quote was prepared by Workscapes and was based on the State of Florida Contract. After reviewing same, a motion was made to approve by Mr. Fragakis to not exceed \$4,288.35, which was seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

**INFORMAL DISABILITY HEARING –**

Mrs. Jensen informed the Board that \_\_\_\_\_ completed her independent medical examination. Disability booklets were provided to all trustees to review. Mr. Penque was present as \_\_\_\_\_ representative, as she was not available to attend this date. Mrs. Jensen provided a copy of the special act to Mr. Penque that relates to subrogation. The Trustees will review to prepare for future action. Mr. Williams will provide Mr. White's copy to him as he was not present at this meeting. Matter tabled...

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**DIMENSIONAL FUND ADVISORS (DFA) – INTERNATIONAL SMALL CAP**

Mr. Chip Tatlow appeared before the Board and reviewed the March 31, 2012 DFA investment report. The DFA fundamental investment principles were outlined along with the investment process. Mr. Tatlow reported the fiscal year to date net return was 14.25%. On a rolling 12 months the return was reported to be -6.67%. Mr. Tatlow was asked to include the World EX US Index in all future reports.

**ACTUARIAL VALUATION REPORT**

Mr. Jeff Amrose and Mr. Steve Palmquist, Board Actuary's of Gabriel Roeder Smith came before the Board and presented the September 30, 2011 Actuarial Valuation Report.

Contribution requirements for the plan year beginning October 1, 2012 were reported as follows:

Defined Benefit Contributions for For Fiscal Year Beginning	Contributions Expressed as Percents of UnDROPed Payroll(1)			Contributions Expressed as Percents of Payroll Including DROP		
	October 1, 2012		October 1, 2011	October 1, 2012		October 1, 2011
	After Changes	Before Changes		After Changes	Before Changes	
Normal Cost:						
Service pensions	15.16 %	16.11 %	15.96 %	13.21 %	14.06 %	13.88 %
Disability pensions	1.54	1.93	1.93	1.34	1.68	1.67
Survivor pensions						
Pre-retirement	0.40	0.64	0.64	0.35	0.55	0.55
Post-retirement	1.22	1.48	1.46	1.06	1.29	1.27
Termination benefits:						
Deferred service pensions	0.94	0.71	0.71	0.82	0.62	0.62
Refunds of member contributions	0.78	0.83	0.83	0.68	0.72	0.72
Total Normal Cost	20.04	21.70	21.53	17.46	18.92	18.71
Unfunded Actuarial Accrued Liability (UAAL):						
Retired members and beneficiaries	0.00	0.00	0.00	0.00	0.00	0.00
Active and vested terminated members	25.52	22.76	16.44	22.10	19.79	14.23
Total UAAL	25.52	22.76	16.44	22.10	19.79	14.23
Administrative Expenses (net of charges to Share and DROP accounts)	0.88	0.88	0.91	0.76	0.76	0.79
Total Calculated Contribution Requirement	46.44 %	45.34 %	38.88 %	40.32 %	39.47 %	33.73 %
Adjustments to Calculated Contribution Requirement:						
Temporary full funding credit	0.00	0.00	0.00	0.00	0.00	0.00
FS112.64(5) compliance	2.48	2.88	0.37	2.25	2.53	0.35
Total adjustments	2.48	2.88	0.37	2.25	2.53	0.35
Total Adjusted Contribution Requirement:	48.92 %	48.22 %	39.25 %	42.57 %	42.00 %	34.08 %
Member portion	11.00 %	11.00 %	11.00 %	9.58 %	9.60 %	9.56 %
Chapter 185 portion	4.87 %	4.84 %	4.67 %	4.24 %	4.21 %	4.04 %
City portion	33.05 % <sup>(2)</sup>	32.38 %	23.58 %	28.75 %	28.19 %	20.48 %

Mr. Amrose outlined that the report findings were based on the following changes in the benefit provisions and actuarial assumptions since the last valuation:

- The assumed investment rate of return was lowered from 8.25% to 8.00%. As required under the Special Act, the benefit multiplier for service accrued after September 30, 2011 was lowered from 3.00% to 2.68% to *offset* the cost increase due to lowering the investment return assumption.
- Effective January 1, 2013, the limit on the amount of overtime that is included in pensionable compensation is lowered from 400 hours to 300 hours.

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- Effective October 1, 2012, the fixed interest rate for Share Plan and DROP accounts is lowered from 8.25% to 8.00% per year. If the investment earnings paid as fixed interest on Share Plan accounts creates a deficiency as compared to the gross earnings of the pension fund, the rate will be reduced to 4.00% effective the following October 1. The rate will be returned to 8.00% effective the following October 1 after the deficiency is satisfied.
- Effective October 1, 2011, the member contribution rate is increased to 18%, and Chapter 185 revenue received in calendar years 2011 and 2012 will be used to reduce member contributions to 11%. If the Chapter 185 revenue is not sufficient to reduce the member contributions to 11%, then the City will make up the difference. Effectively, Chapter 185 revenue received during calendar years 2011 and 2012 will be used to offset the required contributions for the fiscal years beginning October 1, 2011 and October 1, 2012. Share accounts will not receive any allocation of Chapter 185 revenue during fiscal years ending September 30, 2011 and September 30, 2012. Effective October 1, 2013, the member contribution rate is lowered back to 11% and Chapter 185 revenue will be allocated to the Share Plan accounts.
- The assumed annual salary increases were changed from an age-based table of rates to 5% per year.
- The assumed rates of employment termination were changed to a select (service based using 10 years of service) and ultimate (age based) table.
- Normal retirement rates were changed to a table based on the number of years eligible.
- The mortality table was changed from the 1983 Group Annuity Mortality Table to the RP-2000 Combined Healthy Participant Mortality Table. The provision for future mortality improvements is being made by using Scale AA after 2000. The change in the mortality assumption is being phased in over five years starting October 1, 2011. This valuation reflects 20% of the effect of the mortality assumption change.
- The payroll growth assumption was lowered from 5.00% to 4.50%.
- All unfunded accrued liability amortization bases as of September 30, 2011 have been combined and a single remaining amortization period has been set such that the amortization payment next year would equal the payment before the combination of bases. The remaining period is 14.7 years.

Mr. Amrose recapped by stating the foregoing changes in assumptions were reviewed in the GRS Ten Year Experience Study Report covering the period October 1, 2000 through September 30, 2010. Mr. Amrose advised that the changes had an overall decrease on a percentage basis of .7% in contributions.

Mr. Amrose also stated that the amended Special Act has not yet been signed by the governor as of this date. If the governor vetoes the amended Special Act, this report will need to be revised.

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Finally, it was Mr. Amrose's and Mr. Palmquist's opinion that the required contribution rate determined is sufficient to meet the Fund's funding objective, presuming continued timely receipt of required contributions.

After fielding questions of the Trustees, a motion was made by Mr. Frost to accept and approve the September 30, 2011 Actuarial Valuation Report as prepared & presented by Gabriel Roeder Smith and Company, further to accept and approve the changes of assumptions and the consolidation of unfunded liability as reported. Mr. Fragakis seconded the motion. All Trustees voted yes, and the motion was passed 4-0.

**OPEN DISCUSSION**

Mr. Williams presented a 2012 Auditing Services Agreement to the Board to consider. The agreement was reviewed by Mrs. Jensen, and conforms legally. A motion to approve the agreement was offered by Mr. Frost, seconded by Mr. Marchese. All Trustees voted yes, and the motion was passed 4-0.

**ADJOURNMENT**

Being there was no other business; the meeting was adjourned at 10:10 AM.

Next meeting is scheduled for May 11, 2012 at 8:15 AM

Jonathan Frost, Board Secretary